

Service Date: September 9, 2002

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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IN THE MATTER Of the Application of	)	
MONTANA-DAKOTA UTILITIES, CO.	)	Docket No. D2002.5.59
For Authority to Establish Increased Rates	)	
For Natural Gas Service in the	)	Order No. 6424b
State of Montana	)	

\* \* \* \* \*

INTERIM ORDER

FINDINGS OF FACT

1. On May 20, 2002, Montana-Dakota Utilities, Co.(MDU), a Division of MDU Resources Group, Inc., filed with the Montana Public Service Commission (PSC) an application for authority to increase natural gas service rates. MDU requests approval, on an interim basis, to increase natural gas rates by \$2, 085,110.

2. The proposed increase will affect approximately 70,752 natural gas customers in Montana. MDU states that the current cost of providing natural gas service to its Montana customers is not adequately reflected in the currently authorized rates. Only non-gas costs or distribution costs are covered in this filing. Distribution costs include operation and maintenance expenses, depreciation, taxes, and a component for the opportunity to earn a return on the investment in facilities to provide natural gas service. The distribution costs are approximately 31 percent of a typical residential bill and MDU's last filing for this portion was in 1996.

3. The following is a table summarizing the interim increase requested by MDU by customer class:

**Montana-Dakota Utilities Co.**

**Gas Utility Montana  
Docket D2002.5.59  
Interim Increase**

<b>Class</b>	<b>Amount</b>	<b>% Increase</b>
Residential	\$1,742,491	5.1%
Firm General	342,619	1.7%
Small Interruptible	0	0.0%
Large Interruptible	0	0.0%
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Total Montana	\$2,085,110	3.7%

4. The PSC finds the proposed interim rate increase by MDU to be just and reasonable and provide adequate rate relief on an interim basis.

**CONCLUSION OF LAW**

1. MDU provides natural gas service within the State of Montana and as such is a “public utility” within the meaning of § 69-3-101, MCA.

2. The PSC properly exercises jurisdiction over the Montana-Dakota Utilities Company’s rates and operations pursuant to Title 69, Chapter 3, MCA.

3. The PSC may at its discretion, within the scope of § 69-3-304, MCA, make temporary approvals of requests pending a hearing or final decision.

4. The rate levels and spread approved in this Order are a reasonable means of providing interim relief to MDU. The rebate provisions of § 69-3-304, MCA, protect ratepayers until there is a Final Order in this Docket.

**ORDER**

1. MDU shall implement, on an interim basis, rates designed to increase annual Montana jurisdictional natural gas revenues by \$2,085,110.

2. MDU shall adhere to and abide by all provisions in the Interim Order. All rate schedules shall comply with all determinations set forth in this Interim Order.

3. MDU must file tariffs in compliance with the Findings of Facts in this Interim Order.

4. Nothing in this Order precludes the PSC from adopting in its Final Order a revenue requirement different from that contained in this Interim Order.

5. Any interest associated with a refund that might result from the final revenue increase granted in this Order will be computed at 12 percent, the approved return on equity for this Interim increase.

6. Interim approval of any matters in this proceeding should not be viewed as final endorsement by the PSC of any issues, calculations, or methodologies approved in this Order.

7. This Interim Order is effective for all services rendered on and after September 5, 2002.

DONE IN OPEN SESSION at Helena, Montana on this 5<sup>th</sup> day of September 2002 by a vote of 5 to 0 .

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

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GARY FELAND, Chairman

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JAY STOVALL, Vice Chairman

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BOB ANDERSON, Commissioner

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MATT BRAINARD, Commissioner

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BOB ROWE, Commissioner

ATTEST:

Rhonda J. Simmons  
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.